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FM SECSTATE WASHDC

TO AMEMBASSY BRIDGETOWN PRIORITY

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TAGS: ETRD, JM, GY, TD, BB

SUBJECT: SUGAR LEGISLATION: CARICOM CONCERN

1. DIPLOMATIC REPRESENTATIVES OF THE CARIBBEAN COMMONWEALTH MISSIONS CALLED ON ASSISTANT SECRETARY KUBISCH AT NOON ON JUNE 20: AMBASSADOR FLETCHER OF JAMAICA, AMBASSADOR TALBOT OF GUYANA, CHARGE BREWSTER OF BARBADOS AND TRINIDAD AND TOBAGO'S DCM MAJOR.

2. THEY PRESENTED AN AIDE MEMOIRE TO MR. KUBISCH OUTLINING THE CONCERN OF COMMONWEALTH CARIBBEAN GOVERNMENTS WITH THE LIMITED OFFICIAL USE

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DEFEAT OF THE SUGAR BILL BY THE HOUSE OF REPRESENTATIVES ON

JUNE 5. IN SUPPLEMENTING AIDE MEMOIRE, AMBASSADOR FLETCHER NOTED THAT WEST INDIES HAD PREVIOUSLY ENJOYED TWO STABLE MARKETS FOR THEIR SUGAR IMPORTS: UNITED STATES AND UNITED KINGDOM. HE SAID COUNTRIES CONCERNED DID NOT HAVE THE EXPERTISE OR THE MANPOWER TO TRADE SUGAR ON THE WORLD MARKET. SUGAR ACT HAD BEEN CONSIDERED BY THEM ONE OF THE MOST EFFECTIVE MEANS OF PROVIDING ASSISTANCE THROUGH TRADE. HE NOTED THE NEW RELATIONSHIP SYMBOLIZED BY THE "SPIRIT OF TLATELOLCO" AND SAID THAT THE CONTINUATION OF THE SUGAR ACT WOULD BE A TANGIBLE EXPRESSION OF THAT SPIRIT.

3. THE AMBASSADOR STRESSED IMPORTANCE OF THE SUGAR INDUSTRIES IN THE WEST INDIES AND PARTICULARLY THE EMPLOYMENT PROVIDED BY THESE INDUSTRIES. HE SAID THE WEST INDIES HAD PROVIDED EVIDENCE OF THE SINCERITY OF THEIR INTEREST IN THE U.S. MARKET BY PROVIDING OVER 160,000 TONS OF SUGAR THIS YEAR IN RESPONSE TO THE USG REQUEST FOR FIRST-COME, FIRST-SERVED SUGAR. THE "RUGGED" REDUCTION IN THE WEST INDIES QUOTA PROPOSED BY THE COMMITTEE ON AGRICULTURE OF THE HOUSE HAD BEEN AN UNPLEASANT BLOW. HE NOTED THAT THE WEST INDIES HAD HAD SHORTFALLS IN MEETING ITS U.S. QUOTA IN 1972 AND 1973, BUT THAT USG WAS WELL AWARE THAT THESE SHORTFALLS WERE THE RESULT OF DROUGHT AND OF DECISIONS MADE BY SUCH PRIVATE ENTITIES AS TATE AND LYLE IN JAMAICA AND BOOKERS IN GUYANA. HE SAID THAT THE HOUSE COMMITTEE PROPOSAL WOULD CAUSE ECONOMIC AND PSYCHOLOGICAL DAMAGE.

4. AMBASSADOR FLETCHER SAID THAT IF IT APPEARED THAT THERE WOULD BE NO EXTENSION, HE WISHED TO SUGGEST THAT THERE BE TECHNICAL CONSULTATIONS BETWEEN REPRESENTATIVES OF THE CARIBBEAN COMMONWEALTH GOVERNMENTS AND THE U.S. HE RECALLED IN THIS REGARD THE CONSULTATIONS WHICH HAD BEEN HELD IN 1973 CONCERNING THE CUT IN THE WEST INDIES QUOTA, AND THE FAVORABLE RESULTS OF THOSE CONSULTATIONS IN INCREASING THE WEST INDIES ALLOCATION IN 1974. FLETCHER SAID HIS OWN OPINION WAS THAT SOME LEGISLATION PRIOR TO THE END OF 1974 WAS LIKELY, AND WENT ON TO SAY THAT HE HAD BEEN INSTRUCTED TO MAKE THE STRONGEST POSSIBLE REPRESENTATION ON BEHALF OF THE FOUR GOVERNMENTS TO RETAIN THE SHARE OF THE MARKET PROVIDED UNDER THE CURRENT LEGISLATION.

5. AMBASSADOR TALBOT ADDED THAT 1974 HAD BEEN A GOOD YEAR LIMITED OFFICIAL USE

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FOR WEST INDIES EXPORTS OF SUGAR TO THE U.S. HE SAID THAT THOSE COUNTRIES WERE MAKING INVESTMENTS TO IMPROVE AND EXPAND THEIR SUGAR INDUSTRIES. HE SAID THAT IN TRINIDAD AND GUYANA MANY OF THE PEOPLE EMPLOYED IN THE SUGAR INDUSTRY WERE EAST INDIANS AND THAT DEFEAT OF THE SUGAR BILL MIGHT CAUSE SOCIAL UNREST AND RACIAL TENSION THERE.

6. MR. BREWSTER NOTED THAT BARBADOS IS PARTICULARLY

DEPENDENT ON SUGAR SINCE, UNLIKE THE OTHER CARICOM COUNTRIES, IT DOES NOT HAVE OTHER NATURAL RESOURCES SUCH AS BAUXITE OR PETROLEUM. HE SAID HIS GOVERNMENT CONSIDERED THE DEFEAT OF THE SUGAR BILL EVIDENCE OF LACK OF CONCERN WITH CARIBBEAN PROBLEMS. HE MENTIONED THE SHIFT IN MARKET PRIORITIES INITIATED BY THE GOVERNMENTS AND THE RESULTANT PREFERENCE GIVEN TO THE U.S. MARKET.

7. MR. MAJOR SAID THAT THE ENGLISH-SPEAKING CARIBBEAN COUNTRIES SHOULD HAVE A PREFERENCE OVER LARGER LATIN AMERICAN COUNTRIES WHICH HAVE OTHER OPPORTUNITIES AND GREATER RESOURCES. HE ECHOED AMBASSADOR TALBOT IN SAYING THAT THE DEFEAT OF THE SUGAR BILL COULD HAVE CONSEQUENCES IN TERMS OF SOCIAL UNREST AND RACIAL TENSIONS. HE SAID HE FOUND THE ACTION A "RETROGRESSION FROM THE SPIRIT OF TLATELOLCO".

8. MR. KUBISCH RESPONDED BY NOTING THAT THE ADMINISTRATION HAD TESTIFIED IN FAVOR OF AN EXTENSION OF THE ACT AND HAD EXPLAINED CAREFULLY TO THE CONGRESS THE REASONS FOR THE WEST INDIES SHORTFALLS IN 1972 AND 1973, AS WELL AS THE DECISION OF THE CARICOM GOVERNMENTS TO GIVE PRIORITY TO SUPPLYING THE U.S. MARKET. HE ALSO NOTED THAT IN U.S. POLITICAL TERMS, THE SUGAR ACT IS CONSIDERED A DOMESTIC FARM PROGRAM AND, THEREFORE, A BROAD CONSENSUS AMONG US INTEREST GROUPS IS NECESSARY BEFORE LEGISLATION IS LIKELY.

9. MR. KUBISCH SAID THAT THE DEPARTMENT IS FULLY AWARE OF THE REASONS FOR THE WEST INDIES INTEREST IN THE SUGAR ACT, WHICH PROVIDES GUARANTEED ACCESS TO THE U.S. MARKET AT A REMUNERATIVE PRICE. HE ADDED, HOWEVER, THAT WE ALSO NOTE THAT SUGAR PRICES ARE EXTREMELY HIGH AND, IF THE ACT DOES IN FACT EXPIRE, ACCESS TO THE U.S. SUGAR MARKET FOR THE LIMITED OFFICIAL USE

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WEST INDIES WOULD PRESUMABLY BE UNLIMITED. HE SAID WE DO NOT AS YET HAVE ANY CLEAR IDEA ABOUT WHETHER OR IN WHAT FORM ACTION MIGHT BE TAKEN BY THE CONGRESS TO EXTEND THE SUGAR ACT BEYOND ITS CURRENT EXPIRATION DATE. HE SAID THAT THE DEPARTMENT WILL CONTINUE TO BE IN CLOSE CONTACT WITH CONGRESSIONAL LEADERS ON THIS MATTER, AND WILL KEEP THE REPRESENTATIVES OF THE WEST INDIES INFORMED. IN THE MEANTIME, MR. KUBISCH SAID IF THE WEST INDIES REPRESENTATIVES HAVE NO OBJECTION, WE WILL TRANSMIT COPIES OF THEIR AIDE MEMOIRE TO CONGRESSIONAL LEADERS. THE WEST INDIES REPRESENTATIVES AGREED. POUCHING TEXT OF AIDE MEMOIRE. KISSINGER

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